



**CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS**



ANNUAL REPORT

**FISCAL YEAR ENDING
DECEMBER 31, 1929**

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OF AMERICA
CHICAGO, ILLINOIS

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Annual Report
FISCAL YEAR ENDING
DECEMBER 31, 1929

February 20, 1930

CONTAINER CORPORATION OF AMERICA CHICAGO, ILLINOIS

February 20, 1930.

To the Stockholders of
Container Corporation of America:

We are submitting herewith consolidated balance sheet and profit and loss account of Container Corporation of America, Mid-West Box Company, Chicago Mill Paper Stock Company and Pioneer Paper Stock Company for the twelve months ending December 31, 1929.

We believe you will find the progress made in a year of good volume but complex with many competitive difficulties, very satisfactory. The net current position is the best that this Corporation has ever enjoyed at the close of any year; the current ratio is 5.01 to 1. The net current assets are \$201,151.85 greater than at the end of last year. The outstanding Bonds and Debentures are \$508,500 less, and the outstanding Preferred Stock \$90,900 less than as of December 31, 1928. An amount of \$538,000 of cash was used for capital expenditures on plants, machinery and equipment (some fixed assets were sold and some scrapped, so that the net increase of this item over 1928 shows at only \$397,786.56); the same rate of depreciation was taken as in previous years, although the actual amount of depreciation was \$748,584.08, which is \$70,338.39 greater than in the previous year, due to the somewhat larger amount of depreciable fixed assets existent during the year. Disregarding the depreciation of plants and equipment, our common stocks have \$201,151.85 more of net current assets, \$508,500 less of bonds and debentures, \$90,900 less of preferred stock, and \$397,786.56 more fixed assets, or a total of \$1,198,338.41 more net value behind them than twelve months ago. The profit made in the first half of 1929 was insignificantly

small, but during the second half of the year very much more satisfactory; about 75% of the total profit was made during the last six months of the year. The net profit and loss figure is \$774,417.86 after all charges, including bond interest, selling and administrative expenses, depreciation, and Federal income as well as personal property taxes; the tax reserves include the personal property taxes for Chicago properties for the years of 1928 and 1929, for neither of which years bills have as yet been rendered by the City of Chicago. Earnings available for interest were \$1,499,590.94, or 5.87 times the interest requirements on the First Mortgage Bonds; after deducting interest on these bonds, debenture interest was earned 4.53 times over, and after deducting this and Federal income taxes, preferred dividends were earned 6.35 times, leaving an amount of \$635,252.61 available for A Common dividends, on which dividend requirements, at the rate of \$1.20 a share, are \$329,010.

The analysis of the surplus account indicates that the full dividend requirements on the 7% Preferred of \$139,165.25 were paid during the year, also two A Common dividends—one on March 31st and one on December 31st, 1929, and one B Common dividend on March 31st, were paid, in aggregate amount of \$252,118.35. Due to the inadequacy of profits during the first six months, the A and B Common dividends, ordinarily paid on June 30th and September 30th, were omitted, but the Board of Directors, at its November meeting, because of the strong current position of the Company and the very much better earnings during the second half of the year, reinstated the A Common dividend payable December 31, 1929.

Sufficient bonds are in the treasury of the Company to take care of the minimum sinking fund requirements of the First Mortgage Issue for two years to come, or at the maximum sinking fund rate for twelve months, and sufficient debentures, at the flat sinking fund rate of \$200,000 per annum, for eighteen months in advance.

It will be interesting to the stockholders to know that the Company has approximately 18,000 customers on its books,

spread over an exceedingly well diversified field of essential industries. The high character of financial responsibility of the Corporation's customers is attested to by the fact that on a volume of approximately \$18,000,000 of sales, uncollectible accounts for the year were only \$8,360.05.

After eighteen months of intense competitive conditions, with selling prices generally lower than they were in the worst period of 1921, your Corporation now finds itself in the excellent position of having demonstrated its ability to make earnings under adverse conditions, due to substantially reduced costs of operation and enhanced volume of business. Because of these accomplishments and the elasticity of its capital stock structure, it will be possible to acquire additional properties which will further diversify its fields of endeavor and gradually result in bringing this Corporation into a more dominant position in the industry.

A recent step in this development program was completed after the close of the last fiscal year when, during the month of January, the properties and business of the Sefton Manufacturing Corporation and Dixon Board Mills, Inc., were acquired. We feel that this will turn out to be a very valuable addition. There are several other negotiations now pending, some of which should be successfully completed during the current year.

The outlook for 1930, barring unforeseen general business conditions, is very much brighter than was the outlook for 1929 a year ago.

Respectfully submitted on behalf of the Officers and the Board of Directors.

WALTER P. PAEPCKE,
President.

CONTAINER CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash.....	\$ 491,955.67	
Accounts and Notes Receivable less Reserves.....	1,238,223.66	
Inventories certified by the management as to quantities and condition, priced at cost or market whichever lower....	2,083,883.79	
Total Current Assets.....	\$ 3,814,063.12	

OTHER NOTES AND ACCOUNTS.....	156,598.96	
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Plant and Equipment:

Land.....	\$ 2,781,956.65	
Buildings.....	7,170,177.59	
Machinery.....	11,237,025.17	
Furniture and Fixtures.....	66,974.62	
*Together.....	\$21,256,134.03	
Less—Reserve for Depreciation.....	2,786,321.57	18,469,812.46

DEFERRED CHARGES TO FUTURE OPERATIONS.....	863,546.35	
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ORGANIZATION EXPENSE.....	49,735.04	
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*Includes Container Corporation of America properties (\$18,420,506.45) at cost at date of acquisition July 1, 1926, based on sound values as appraised by Day & Zimmerman, Inc., plus additions since at cost; Mid-West Box Co. properties (\$2,768,265.61) at book values, and other property (\$67,361.97). Notes: (1) Merchandise in transit (\$96,919.39) has not been included in the inventories nor in the liabilities. (2) During January 1930 the company acquired the entire outstanding capital stock of Sefton Container Corporation and Dixon Board Mills, Inc., in exchange for 117,514 shares of Class A stock.

\$23,353,755.93

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et—December 31, 1929

LIABILITIES AND NET WORTH

Current Liabilities:

Accounts Payable.....	\$ 416,373.75
Interest, Wages, Taxes, etc., Accrued...	258,945.32
Reserve for Federal Income Taxes subject to final review and determination by the Treasury Department.....	85,300.00

Total Current Liabilities.....\$ 760,619.07

PREFERRED STOCK SINKING FUND PAYMENT

DUE APRIL 1, 1930.....\$ 109,100.00

RESERVE FOR CONTINGENCIES..... 81,622.71

FUNDED OBLIGATIONS (Less Amounts Purchased in anticipation of Sinking Fund requirements):

First Mortgage Sinking Fund 6% Bonds, due June 15, 1946.....	\$ 4,115,500.00	
Fifteen Year 5% Debentures, due June 1, 1943.....	5,373,000.00	9,488,500.00

Net Worth:

PREFERRED STOCK:

Authorized 150,000 shares; issued 25,000; retired 5,000; in treasury 909 7% Cumulative — Outstanding 19,091 shares.....	\$ 1,909,100.00
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COMMON STOCK:

**Class A—Authorized 600,- 000 shares par value \$20.00 each; issued 278,914; in treasury 4,739.....	5,483,500.00
Class B — Authorized 1,- 200,000 shares of no par value; issued 588,289 shares.....	\$5,585,307.69
Less Goodwill and Patents	1,160,825.03
	4,424,482.66

Together.....\$11,817,082.66
Surplus..... 1,205,931.49 13,023,014.15

**There are outstanding certain stock purchase warrants covering options on Class A stock at prices of \$42.50 and \$20.00 per share expiring June 1, 1930 and June 15, 1931 respectively.

\$23,353,755.93

CONTAINER CORPORATION OF AMERICA

AND SUBSIDIARY COMPANIES

Summary of Consolidated Profit and Loss Accounts for the Year Ended December 31, 1929

NET PROFIT FROM SALES

after deducting cost of sales including Raw Materials,
Labor and Overhead exclusive of Depreciation, and Selling
and Administrative Expenses.....\$2,005,990.10

DEDUCT—PROVISION FOR DEPRECIATION..... 748,584.08

\$1,257,406.02

ADD—MISCELLANEOUS INCOME including \$80,267.06 of dis-
count on Debentures purchased for Sinking Fund..... 242,184.92

\$1,499,590.94

DEDUCT—INTEREST AND DISCOUNT ON BONDS AND DEBEN-
TURES..... 588,172.08

Net Profits before Deducting Losses on disposition
of Capital Assets and Federal Income Taxes.....\$ 911,418.86

DEDUCT—LOSSES ON DISPOSITION OF CAPITAL ASSETS..... 51,461.23

\$ 859,957.63

DEDUCT—PROVISION FOR FEDERAL INCOME TAXES..... 85,539.77

Surplus Net Profits.....\$ 774,417.86

CONTAINER CORPORATION OF AMERICA

AND SUBSIDIARY COMPANIES

Summary of Consolidated Surplus Accounts for the Year Ended December 31, 1929

BALANCE JANUARY 1, 1929.....	\$ 818,356.02
ADD:	
Surplus Net Profits for the year 1929.....	774,417.86
Discount on Preferred Stock, etc.....	4,441.21
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	\$1,597,215.09
DEDUCT—DIVIDENDS PAID:	
7% Preferred Stock.....	\$139,165.25
Class A Common Stock.....	164,505.00
Class B Common Stock.....	87,613.35
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BALANCE AT DECEMBER 31, 1929.....	<u><u>\$1,205,931.49</u></u>

ARTHUR ANDERSEN & Co.

CERTIFIED PUBLIC ACCOUNTANTS

HARRIS TRUST BLDG.

111 WEST MONROE ST.

CHICAGO

Auditors' Certificate

We have examined the accounts of CONTAINER CORPORATION OF AMERICA and of its subsidiaries, the Chicago Mill Paper Stock Company and the Pioneer Paper Stock Company, for the year ended December 31, 1929, and have prepared the accompanying consolidated balance sheet, statement of consolidated profit and loss accounts and summary of consolidated surplus accounts, including therein the accounts of the Mid-West Box Co. (consisting of assets—\$2,708,082.08; liabilities—\$1,034,065.46, including inter-company accounts—\$787,081.72; net worth—\$1,674,016.62; and surplus net profits—\$291,788.02) as certified by Messrs. Ernst & Ernst.

Subject to the foregoing, we certify that, in our opinion, the accompanying consolidated statements fairly present the financial position of the companies at December 31, 1929, and the results of their operations for the year ended that date.

ARTHUR ANDERSON & Co.



Chicago, Illinois,
February 18, 1930.

CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS



Directors

F. G. BECKER, *Chicago, Ill.*

J. P. BRUNT, *Chicago, Ill.*

E. R. HANKINS, *Chicago, Ill.*

JOHN JACOBS, *Philadelphia, Pa.*

WESLEY M. DIXON, *Chicago, Ill.*

R. L. McCLELLAND, *Chicago, Ill.*

WALTER P. PAEPCKE, *Chicago, Ill.*



Officers

President

WALTER P. PAEPCKE

Executive Vice-President

J. P. BRUNT

Vice-Presidents

F. G. BECKER

WESLEY M. DIXON

E. R. HANKINS

Treasurer

J. E. COOKSON

Secretary

H. D. DAVIS

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

Transfer Agent

FIRST UNION TRUST AND SAVINGS BANK
Chicago, Ill.

CITY BANK FARMERS TRUST COMPANY
New York, N. Y.

Registrar

CONTINENTAL ILLINOIS BANK AND TRUST COMPANY
Chicago, Ill.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK
New York, N. Y.

Plant Operations Mills

CHICAGO, ILL. (Two)
CARTHAGE, IND.
KOKOMO, IND.

CINCINNATI, OHIO
CIRCLEVILLE, OHIO
PHILADELPHIA, PA.

Factories

CHICAGO, ILL. (Two)
ANDERSON, IND. (Two)
CLEVELAND, OHIO
CINCINNATI, OHIO
NATICK, MASS.

FAIRMONT, W. VA.
CHARLESTON, W. VA.
PHILADELPHIA, PA.
BRIDGEPORT, CONN.
BROOKLYN, N. Y.

Branch and Sales Offices

CHICAGO, ILL.
LOS ANGELES, CALIF.
DENVER, COLO.
ST. LOUIS, MO.
INDIANAPOLIS, IND.
DETROIT, MICH.
CLEVELAND, OHIO

CINCINNATI, OHIO
PITTSBURGH, PA.
PHILADELPHIA, PA.
NEW YORK, N. Y.
BRIDGEPORT, CONN.
NATICK, MASS.
JACKSONVILLE, FLA.

WINTER HAVEN, FLA.

Subsidiary Companies

MID-WEST BOX COMPANY
CHICAGO MILL PAPER STOCK COMPANY
PIONEER PAPER STOCK COMPANY

NOTE: Sefton Container Corporation and Dixon Board Mills, Inc., Subsidiaries Were
Acquired in January, 1930.